



MEMORANDUM

DATE: July 17, 2020

TO: USAID/M/OAA/CAS/CAM, Division Chief, E. Lynn Brown

FROM: USAID OIG Africa Regional Office, Assistant Director, Matthew Rathgeber /s/

SUBJECT: Financial Audit of USAID Resources Managed by Medair in Multiple Countries Under Multiple Awards, January 1 to December 31, 2018 (Report No. 4-000-20-093-R)

This memorandum transmits the final audit report on USAID resources managed by Medair in multiple countries under multiple awards listed the attached appendix I. Medair contracted with the independent certified public accounting firm Crowe U.K. LPP, London, United Kingdom, to conduct the audit. The audit firm stated that it performed its audit in accordance with generally accepted government auditing standards (GAGAS). However, it did not have an external peer review that fully satisfied the requirements of GAGAS. The audit firm is responsible for the enclosed report and the conclusions expressed in it. We do not express an opinion on Medair's fund accountability statement; the effectiveness of its internal control; or its compliance with the award, laws, and regulations.¹

The audit objectives were to (1) express an opinion on whether the fund accountability statement for the period audited, was presented fairly, in all material respects; (2) evaluate Medair's internal controls; (3) determine whether Medair complied with award terms and applicable laws and regulations; (4) review the indirect cost rate; and (5) review the implementation status of the prior period recommendations.

To answer the audit objectives, Crowe U.K. LLP (1) audited the fund accountability statement for the award including the budgeted amounts by category and major items and the revenues received from USAID for the period covered by the audit and the costs reported by Medair as incurred from January 1 to December 31, 2018; (2) evaluated the control environment, the adequacy of the accounting systems, and control procedures that pertain to Medair's ability to report financial data consistent with the assertions embodied in each account of the fund accountability statement; (3) identified the award terms and pertinent laws and regulations and

¹ We reviewed the audit firm's report for conformity with professional reporting standards. Our desk reviews are typically performed to identify any items needing clarification or issues requiring management attention. Desk reviews are limited to review of the audit report itself and excludes review of the auditor's supporting working papers; they are not designed to enable us to directly evaluate the quality of the audit performed.

determined which of those, if not observed, could have a direct and material effect on the fund accountability statement; (4) reviewed the indirect cost rate; and (5) reviewed the implementation status of the prior period recommendations. Medair reported expenditures of \$22,019,668 in USAID funds during the audited period.

The audit firm concluded the fund accountability statement presented fairly, in all material respects, program revenues and costs incurred under the award for the period audited, except for \$2,327 in total unsupported questioned costs; no material weaknesses in internal control; and two instances of material noncompliance. Since the questioned costs did not meet the OIG's established threshold of \$25,000 for making a recommendation together with one noncompliance findings related specifically to the questioned costs, we are not making a recommendation. Nevertheless, we suggest that USAID/M/OAA/CAS/CAM determine the allowability of the \$2,327 in questioned costs and recover any amount determined to be unallowable. The audit firm issued a management letter with other issues.

During our desk review, we noted several minor issues which the audit firm will need to address in future audit reports. We presented these issues in a memo to controller, dated July 17, 2020.

To address the issues identified in the report, we recommend that USAID/M/OAA/CAS/CAM:

Recommendation 1. Verify that Medair corrects the one instance of material noncompliance detailed on page 40 of the audit report.

We ask that you provide your written notification of actions planned or taken to reach management decision. We appreciate the assistance extended during the engagement.

OIG does not routinely distribute independent public accounting reports beyond the immediate addressees because a high percentage of these reports contain information restricted from release under the Trade Secrets Act, 18 U.S.C. 1905 and Freedom of Information Act Exemption Four, 5 U.S.C. 552(b)(4) ("commercial or financial information obtained from a person that is privileged or confidential").

Appendix I

Award Name (Type)	Award Number	Period
Essential Services for Host and IDP Populations in South Central Somalia (grant, closeout)	AID-OFDA-G-16-00175	Jan. 1 - Apr. 30, 2018
Emergency Shelter and Health Care Assistance to Crisis Affected Communities (cooperative agreement, closeout)	AID-OFDA-A-17-00010	Jan. 1 - Apr. 30, 2018
Emergency Health Response to Vulnerable Populations in the East of the DRC (grant, closeout)	AID-OFDA-G-17-00153	Jan. 1 - Jun. 30, 2018
Multi-Sector Support to Vulnerable Populations in South Sudan (grant, closeout)	AID-OFDA-G-17-00159	Jan. 1 - Aug. 31, 2018
Emergency Response to Tropical Cyclone Enawo in Madagascar (grant, closeout)	AID-OFDA-G-17-00102	Jan. 1 - Feb. 28, 2018
Multi-Sector Response for Vulnerable Conflict Affected Populations in Iraq (grant, closeout)	AID-OFDA-G-17-00223	Jan. 1 - Jun. 30, 2018
Essential Services for Host and IDP Populations in Somalia (grant)	720FDA18GR00216	Jan. 1 - Dec. 31, 2018
Emergency Cash Transfers to Food-Insecure Households in Daikundi Province, for Medair in Afghanistan (grant, closeout)	72DFFP18GR00016	Apr. 27 - Sep. 30, 2018
Multi-Sector Support to Vulnerable Populations in South Sudan (grant)	720FDA18GR00206	Sep. 1 - Dec. 31, 2018
Multi-Sector Response for Vulnerable Conflict Affected Populations in Iraq (grant)	720FDA18GR00085	May 24 - Dec. 31, 2018
'Rano Velo' Beloha District Integrated WASH Response (grant)	720FDA18GR00063	May 4 - Dec. 31, 2018
Emergency Response for Natural Disaster Affected Populations in Afghanistan (grant)	720FDA18GR00235	Sep. 1 - Dec. 31, 2018
Emergency Health Response to Vulnerable Populations in the East of the DRC (grant)	720FDA18GR00082	July 1 - Dec. 31, 2018
Emergency Health Response to the Ebola Outbreak in Eastern DRC (cooperative agreement)	720FDA18CA00052	Sep. 5 - Dec. 31, 2018
Essential Health Nutrition, Food Security and WASH Assistance to Vulnerable Populations in Yemen (grant)	720FDA18GR00298	Oct. 1 - Dec. 31, 2018